

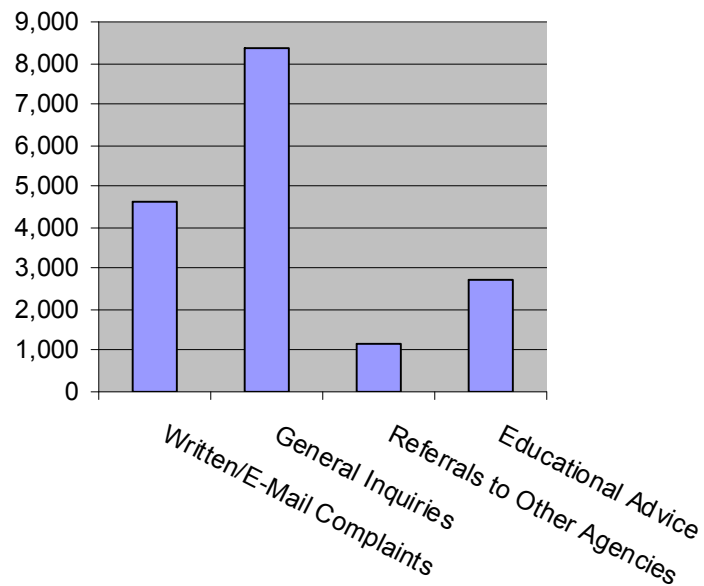
# Tennessee Division of Consumer Affairs

## Mission Statement Purpose and Duties

*To serve and Protect Consumer From Unfair or Deceptive Business Practices*

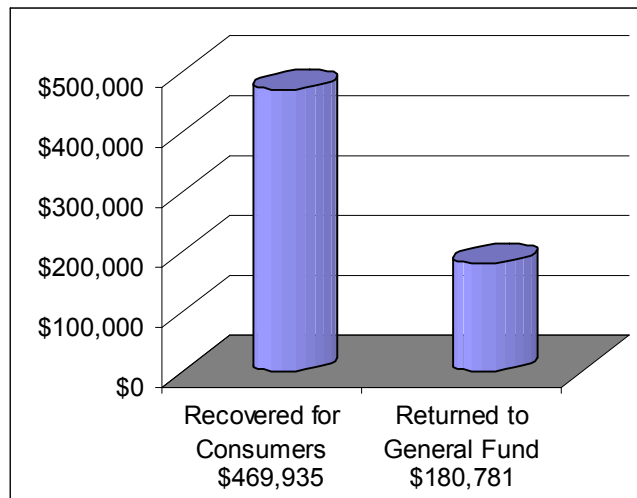
## Mediation

The Division mediated 4,621 written complaints in 2003. In addition to the written complaints, our staff responded to 8,358 general inquiries, referred 1,162 consumers to other offices of state or federal governments and provided educational advice to 2,736 other consumers.

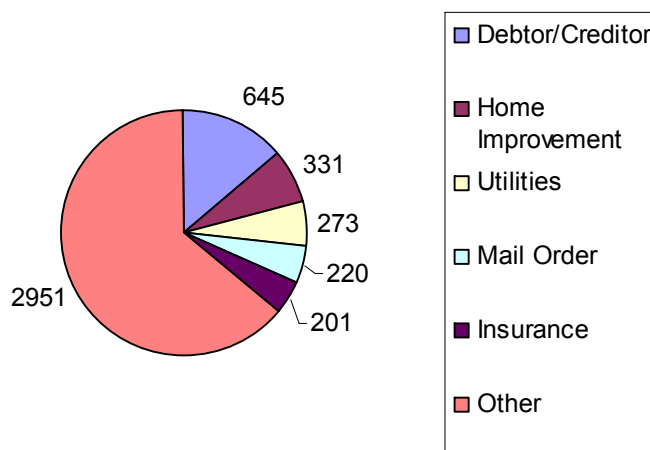


Due to the efforts of our staff, consumers received \$469,935 in cash and merchandise. Each year the Division initiates formal actions against businesses or individuals that we

believe may be in violation of the Consumer Protection Act with the assistance of the Attorney General's office. During 2003, these formal actions resulted in payments of \$180,781 to the State General Fund.



The top five complaint categories in the first nine months of 2003 were: Debtor/Creditor, Home Improvement, Utilities, Mail Order and Insurance.



The Division also acts as a clearinghouse for complaints. The Division works closely with the State's Regulatory Boards, other state and federal agencies and will refer complaints to those agencies that have better avenues of complaint resolution available to them.

## **Education**

The Division's proactive consumer education philosophy prevented Tennessee consumers from wasting millions of dollars on consumer scams. Much of our education effort is provided through telephone inquiries. The Division provides advice, business and product information and answers questions for thousands of consumers, which adheres to our legislative mandate of educating the citizens of Tennessee about consumer issues.

As part of the Division's Strategic Plan, we have begun quarterly workshops throughout the state. The topics addressed at each workshop will vary depending on the local community interest.

Also, new brochures and posters have been designed to enlighten Tennesseans about the services offered by the Division. A distribution plan has been developed to place these posters in public places such as public health facilities, libraries, driver testing stations, etc. This will coincide with our stepped up schedule for personal appearances and media contacts across the State.

The website we maintain is a part of the Department of Commerce and Insurance site and provides a wealth of consumer information and links to many other helpful sites.

## **Investigation**

Throughout 2003, the Division has continued to research the information received in this office through the complaint process to try to determine the breadth and scope of possible violations of the Tennessee Consumer Protection Act by various entities. The staff is continuously monitoring the information received through e-mails, telephone calls, etc. for possible violations as well.

## **Litigation**

At the request of the Division, the State Attorney General may bring legal action against a person or business for violations of the Consumer Protection Act. Payments totaling \$180,781 were contributed to the State's general fund. Numerous other actions remain pending.

## **Registration**

The Division's registration section handles the registration of for-profit health clubs, beauty pageant operators and registration of bonds for credit repair companies. Health club and beauty pageant operator registrations brought in \$37,600 to the general fund in 2002.

## **Legislation**

The Division is also responsible for suggesting ways to simplify, clarify and modernize state laws, which govern the protection of consumer and legitimate businesses. By researching consumer protection laws in other states and monitoring changes in Federal laws, the Division is able to keep abreast of any new ideas or trends in consumer protection to better serve Tennesseans.

**County Report**  
**01/01/03 – 12/31/03**

Anderson	36	Houston	1	Sumner	85
Bedford	13	Humphreys	7	Tipton	17
Benton	7	Jackson	5	Trousdale	1
Bledsoe	3	Jefferson	27	Unicoi	5
Blount	33	Johnson	4	Union	4
Bradley	25	Knox	189	Warren	12
Campbell	8	Lake	2	Washington	51
Cannon	2	Lauderdale	7	Weakley	9
Carroll	7	Lawrence	10	White	12
Carter	22	Lewis	3	Williamson	118
Cheatham	12	Lincoln	11	Wilson	32
Chester	2	Loudon	31		
Claiborne	5	Macon	2		
Clay	1	Madison	63		
Cocke	10	Marion	6		
Coffee	16	Marshall	7		
Crockett	4	Maury	31		
Cumberland	55	McMinn	20		
Davidson	519	McNairy	11		
Decatur	4	Meigs	5		
DeKalb	3	Monroe	12		
Dickson	25	Montgomery	61		
Dyer	13	Moore	1		
Fayette	8	Morgan	3		
Fentress	5	Obion	6		
Franklin	11	Overton	7		
Gibson	27	Pickett	3		
Giles	8	Polk	3		
Grainger	6	Putnam	34		
Greene	26	Rhea	6		
Grundy	5	Roane	31		
Hamblen	15	Robertson	31		
Hamilton	128	Rutherford	119		
Hardeman	8	Scott	5		
Hardin	6	Sequatchie	3		
Hawkins	17	Sevier	45		
Haywood	2	Shelby	412		
Henderson	11	Smith	2		
Henry	14	Stewart	2		
Hickman	8	Sullivan	64		

**County Report Summary**  
**01/01/03 – 12/31/03**

East	820	29.62%
Middle	1,308	47.25%
West	640	23.12%
<b>GRAND TOTAL</b>	<b>2,768</b>	

**TOP FIVE COUNTIES**

DAVIDSON	519
SHELBY	412
KNOX	189
HAMILTON	128
RUTHERFORD	119

# Complaint Categories and Descriptions

## **Debtor/Creditor**

**645 complaints**

Billing practices, credit discrimination, garnishment of wages, collection agencies, credit reporting services, credit repair, loans, loan brokers, credit cards (“gold” cards, secured, fraudulent), debt consolidation, banks, checking accounts, insufficient check charges, repossessions and applications of all federal lending, collection, reporting and billing laws.

## **Home Improvements**

**331 complaints**

Includes the quality of work, the workmanship, quality of materials and incomplete work done to improve, repair or change a house or structure, including roofing, sun porches, flooring, landscaping, carpeting, driveway resealing, window and siding replacement.

## **Utilities**

**273 complaints**

Service or billing practices of water, electric, phone, gas and cable companies and regulatory questions.

## **Mail Order**

**220 complaints**

Merchandise not received, poor quality merchandise, refusal to refund, gross misrepresentations (quality, size, functions, etc.), returns, unauthorized shipments and billings; also includes problems with television offers, infomercials and home shopping networks.

## **Insurance**

**201 complaints**

Complaints about insurance sales, claims, lapsed coverage, cancellations, deceptive practices of agents, slow payment of claims and disputes with repair contractors.

## **Home Furnishings**

**189 complaints**

Home furnishings and draperies; repairs, warranties and service contracts on these items only.

## **Auto Repair**

**185 complaints**

Servicing new and used cars, body work, paint jobs, regular maintenance including dealerships, service stations, independents and chain specialty shops.

**Internet On-Line Auctions****155 complaints**

Problems with receipt and quality of items purchased through internet auctions.

**Health Services and Products****150 complaints**

Various problems with the quality of treatment from the medical profession, including eyeglasses, hearing aids, dentures, prostheses and billing disputes.

**Travel & Transportation****140 complaints**

Problems relating to conditions and services of hotels, motels and cabins, including reservation problems, false advertising and complaints against airlines.

**Used Car Sales****128 complaints**

Problems with policies, practices or techniques in selling used cars; clearing up the misconceptions that consumers have three days to return a car; explaining “as is” sales, odometer tampering, detailing (making a used car look deceptively good).

**Business Opportunity****89 complaints**

Work at home schemes, chain letters, pyramids, multi-level business investments, franchises, distributorships, vending machine routes; various get-rich-quick schemes.

**Landlord/Tenant****86 complaints**

Problems with rental property; repairs not made, security deposits, invasion of privacy, wrongful evictions; includes applications of Landlord/Tenant laws in Tennessee.

**Civil Actions****84 complaints**

Records of private lawsuits filed under the Consumer Protection Act; may involve any of these categories.

**Lemon Law****66 complaints**

Includes questions about qualifications for lemon law status, advising manufacturer of non-conformity, pursuing information on arbitration, enforcing the law through private court action.



**Business Files****65 files**

Individual files on businesses are kept as the Division receives correspondence, brochures, promotional material, news clips, etc.

**Books & Magazines****62 complaints**

Problems with undelivered and overpriced books and magazines, especially those involved with special promotions and causes, usually over the telephone or sold door to door.

**Home Appliances****62 complaints**

Small and large appliances, repairs, warranties and service contracts.

**New Car Sales****61 complaints**

Problems dealing with selling practices or techniques concerning the sale of a new car; questions on financing, rebates, dealer's invoice, extras, trade-ins, additional charges; explaining that consumers do not have three days to return a car.

**Computers****54 complaints**

Problems with computers, software and parts; technical problems with equipment and back-up support from companies.

**Real Estate****54 complaints**

Consumer problems with land sales, real estate and home mortgage companies (i.e. sellers' refusal to give refunds), etc.

**Campgrounds and Resorts****43 complaints**

Problems with selling techniques and promotions leading one to believe he/she has won a prize or a mini vacation; gimmicks to get consumers to attend sales presentations; also, consumers told of resale programs that do not exist or maintenance fees that cannot increase when the contract says differently.

**Professional Services****38 complaints**

Problems involving attorneys, accountants and other professional services.

**Advertising****36 complaints**

Deceptive or false advertising in print or electronics media; includes coupon offers, “bait and switch” techniques, inflated claims, insufficient inventory, false billing techniques (i.e. “Yellow Page” solicitation), “going out of business” sales, rain checks and return policies.

**Telemarketing****34 complaints**

Problems with non-compliance of telemarketers relating to the Do Not Call list policy and deceptive telemarketing activities.

**Mobile Homes****32 complaints**

Problems with manufactured homes; sales, construction and guarantees.

**Service Contracts/Automobiles****28 complaints**

Problems with extended warranties; includes maintenance disputes, coverage questions and problems when the company goes out of business leaving the consumer with no protection.

**Promotions & Contests****22 complaints**

Sweepstakes, contests, prize offering stating “You have won” or “have been “selected to receive,” contest with entry fees or purchase requirements, prizes that don’t live up to their descriptions, such as “free” vacations, worthless gifts or prizes that were not in compliance with State law.

**Health Clubs****19 complaints**

For-profit health club facilities, services and memberships; sales practices, cancellation rights, contract violations and any other non-compliance with Tennessee’s Health Club Law.

**Home Electronics****18 complaints**

Purchase or repair involving TV’s, stereos, VCR’s, answering machines, video cameras and other consumer electronics.

**Music Industry****18 complaints**

Any problem within the music industry; including recording contracts, Publishing houses, contests, demos, songwriter’s contracts, etc.

**Moving & Storage****17 complaints**

Services performed by professional moving and/or storage companies.

**Auto Leasing****12 complaints**

Problems involving leased cars and their contracts, false claims, oral promises and misconceptions about price.

**Dry Cleaning****10 complaints**

Problems with dry cleaning facilities; including damaged or lost clothing.

**Schools****10 complaints**

Problems with trade, professional or other paid instructional services.

**Unsolicited Fax****3 complaints**

Problems with receiving unsolicited advertisements via fax.

**Personal Services****37 complaints**

Professional services such as employment agencies, day care centers, dance studios, barbers/beauticians, , cemeteries, funeral directors, modeling agencies, photography studios, , church directories, towing services, beauty pageants, exterminators, etc.

**Clothing, Accessories****3 complaints**

Problems with the price or quality of clothing; advertising of garments.

**900 Numbers****2 complaints**

Any pay-per-call number(“entertainment, information, contest, etc.), billing problems, questions about “blocks,” unauthorized calls on the phone bill.

**Office Supplies****2 complaints**

Telemarketing of office supplies (toner, copier paper, etc.).

**Miscellaneous****511 complaints**

Complaints involving consumer product safety, photo finishing, pawn shops, log homes packages, pet stores and supplies, weight-loss programs, government surplus sales, grocery stores, weights and measures, home solicitations, pager services, dating services, parcel delivery services; virtually every other product or service on the market.



## DCA'S 2003 ANNUAL REPORT

### SETTLEMENTS AND LAWSUITS

Johnny H. Croom, individually, Barbara B. Croom, individually, d/b/a Welcomewinners.com a/k/a Money Magic	The Croom's allegedly violated the Tennessee Consumer Protection Act, including the provisions prohibiting pyramids. AVC 10/6/03.
Gerald T. Fox, individually and d/b/a Fox Photographics, L.L.C., Fox Media Group and Heirlooms	Cleveland, Tennessee operation that held itself out to consumers as a corporation that provides photography services to organizations, generally to churches. The consumers were asked to buy individual and family portrait photography and the organization is then promised a free directory containing all the pictures. The State alleged that no such directory was provided to the consumer groups. AVC 4/4/03.
H & R Block Services, Inc.	The State alleged that many consumers were charged for a product called "Peace of Mind" without having selected to receive the product. AVC 4/25/03.
Pfizer, Inc.	The State alleged that the company's claims of efficacy for treatment of children's earaches violated the Tennessee Consumer Protection Act. AVC 1/7/03.
Safa Petroleum, Inc. and Forest Petroleum, Inc. d/b/a Super Way, Varsity Market and Phillips 66	The State alleged that the gas station engaged in price gouging relating to terrorist attack on September 11, 2001. Consent Order 2/25/03.
Southeast Signature Motors, Inc.	The State alleged that advertisements violated the Tennessee Consumer Protection Act. AVC 5/20/03.
Wal-Mart Stores, Inc.	The State settled with this company on the basis that would help guarantee that the company would not sell tobacco to minors. AVC 10/3/03.

## OPEN CASES

John Plausse International, Inc., John Plausse Individually, and V. Boyd Jeffries	John Plausse International offered career services to people looking for a job or looking to switch careers. The State filed a Complaint alleging that JPI failed to provide promised services.
New Beginning Credit Association	Lawsuit against a company that promotes helping people develop positive credit that previously had credit problems. The State alleged that they fail to deliver new credit promised. The State prevailed on several issues after a trial in the Chancery Court of Tennessee at Davidson County. The State appealed the decision of the Chancery Court. The Court of Appeals stayed the appeal pending NBCA's bankruptcy.
Physicians Medical Claim Services	Lawsuit filed in Knox County Chancery Court alleging a business opportunity using unsubstantiated earnings claims in violation of the Tennessee Consumer Protection Act.
Pickett, O. W. and Rose Hill	TCPA lawsuit filed in Shelby Chancery Court alleging failure to provide Cemetery burial space as represented at time of purchase. Rose Hill now under different operator.
Strategic Telecom Systems	This lawsuit involves a Knoxville company which allegedly violated the Tennessee Consumer Protection Act, including the provisions prohibiting pyramids. The company sold pre-paid calling cards to consumers. Consumer complaints also allege unsubstantiated earnings claims, defective products and other customer service violations.

